

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: EEWT HU
SUBJECT: HUNGARY'S FOREIGN TRADE RESULTS AT MID-YEAR

1. ALTHOUGH TRADE STATISTICS THROUGH JULY HAVE NOT YET BEEN
PUBLISHED, AFRONT-PAGE ARTICLE IN THE JULY 30 PARTY DAILY
NEPSZABADSAG SUMS UP THE FOREIGN TRADE SITUATION AT MID-YEAR.
RUBLE TRADE EXPORTS HAVE INCREASED SIX PER CENT, AGAINST A
FOUR PER CENT INCREASE IN IMPORTS. HARD CURRENCY PERFORMANCE
MUST BE CONSIDERED DISAPPOINTING, AS EXPORTS HAVE ACTUALLY
DECREASED THREE PER CENT COMPARED TO THE SAME PERIOD IN 1977,
WHILE IMPORTS HAVE INCREASED 12 PER CENT.

2. THE ARTICLE, BY JOZSEF NYIRO, A MEMBER OF THE CENTRAL
PEOPLE'S CONTROL COMMITTEE, ASCRIBES THE POOR HARD CURRENCY
PERFORMANCE TO BOTH INTERNAL AND EXTERNAL PROBLEMS. DOMESTIC
INVESTMENT CONTINUES TO BE WELL ABOVE PLANNED LEVELS, PUSHING
UP IMPORT DEMAND. ENTERPRISES HAVE NOT MADE SUFFICIENT
EFFORTS TO LIMIT CONSUMPTION OF EXPENSIVE IMPORTS,
AND NEED TO TRY HARDER TO USE CEMA RATHER THAN HARD-
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CURRENCY SOURCES. DEVELOPMENT OF PRODUCTS SALEABLE
ON WORLD MARKETS NEEDS TO BE ACCELERATED, AND MORE
AGGRESSIVE MARKETING IS NEEDED. EXTERNALLY, NYIRO
CITES SLOW GROWTH IN THE WESTERN DEVELOPED COUNTRIES
AND PROTECTIONISM, PARTICULARLY IN COMMON MARKET
COUNTRIES. SPECIFIC PROBLEMS INCLUDE LOW WORLD
MARKET PRICES FOR METALLURGICAL PRODUCTS AND THE

LACK OF A TEXTILE AGREEMENT WITH COMMON MARKET COUNTRIES. DESPITE EXTERNAL PROBLEMS, NYIRO PLACES THE BLAME FOR POOR TRADE PERFORMANCE IN THE FIRST PLACE WITH INTERNAL FAILURES: "THE WEAKNESSES OF HUNGARIAN EXPORT STRUCTURE WERE EVEN MORE SERIOUS THAN UNFAVORABLE EXTERNAL CONDITIONS."

3. NYIRO ENDORSES PRESENT TRADE AND ECONOMIC POLICIES: "NOT A TURN, BUT HIGHER SPEED IS NECESSARY." HE SAYS THAT CENTRALLY DIRECTED RESTRICTIONS ON HARD CURRENCY IMPORTS WOULD BE COUNTERPRODUCTIVE. THE KEY TO IMPROVEMENT LIES WITH ENTERPRISES, WHICH MUST IMPROVE PRODUCT STRUCTURE, EFFICIENCY AND MARKETING TECHNIQUES. KAISER

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